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THE NATION

New Signals on Peking

The President of the U.S. hosted the signals for a reappraisal of one of the fundamental policies of his Administration: the longstanding U.S. quarantine of Communist China. Last week, reflecting his own personal convictions, mounting pressure from such trade-strapped allies as Britain and Japan and the pleas of businessmen of U.S. business, he made clear that he believes that present tough trade restrictions on Peking are not realistic for the long pull.

He said as much at his weekly news conference in reply to a double-barreled question about the durability of U.S. relations with the Chinese Nationalists on Formosa and the possibility of reopening U.S.-Red Chinese trade. The President's message is a result of the fundamental changes of this moment, and so far, no one has suggested any change. As for trade with Peking, the college argument is a matter of "yes" and "no," and the fact is that law is on the books, of course that is that. * Correspondents quickly noted that he did not exclude reconsideration of the U.S. embargo. Declared the

The President said in his speech that the United States could reach the solution. The speech was the first in a series of speeches by the President. The President invoked after declaring a state of national emergency when Communist China entered the Korean war. The President at his own discretion can suspend the embargo law in its entirety, status simply to declare the national emergency in mind.

after briefly summarizing the argument for and against relaxation. "Frankly, I am of the school that believes that trade in the long run cannot be stopped. You are going to have either authorized trade or clandestine trade."

The Important Front. The President's remarks were anything but spur-of-the-moment observations. To begin with, he had been surprised that both Congress and the press had taken the unilateral British decision to resume non-strategic trade with Peking (June 10) with such equanimity. Since he is personally more or less in sympathy with the British position that the European front is the really important one in the cold war, he viewed it as reasonable that trade restrictions on Red China, knowing one of the Korean war, need no longer be coupled with restrictions on Russia. Still, the White House staffer, "Let's face it, behind the President's remarks is his very real thinking that it is idle to attempt to definitely to arrest the flow of water down hill. Every day must have its outflow."

The President's remarks gave an ominous boost to some of his advisers who believe that the U.S. should open up Red China trade. Leader of the pro-trade forces is Chicago Industrialist Clarence Randall, chairman of the Council on Foreign Economic Policy. Among his most potent arguments, as he summarized it at his press conference: "Trade in itself is the greatest weapon in the hands of a diplomat." Ike's chief economic adviser, Gabriel Hauge, sympathizes with the Randall view. There are also followers of this line of reasoning as does the Secretary of State, Acheson.

Under Secretary of State Christian Herter and Deputy Under Secretary Douglas Dillon accepted it as sound in theory. CIA Director Allen Dulles, brother of the Secretary of State, is also in favor. Among Allen Dulles' reasons, even a trickle of U.S.-Red China trade would give his agents great intelligence opportunities in Peking.

The Important Risk. Dead set on the other side of the argument—and against any liberalized China policy—are the President's closest foreign-policy advisers, led by Secretary of State John Foster Dulles and Walter Robertson, Dulles' Assistant Secretary for Far Eastern Affairs. Together with Defense Secretary Wilson and all the Joint Chiefs of Staff, they argue vehemently for the current official position that the U.S. is. Robertson crisply puts it: "Just take no action which would sacrifice international prestige for the Peking regime."

Whatever the validity of these conflicting positions, the President last week clearly took his stand with those who believe that a limited resumption of Red China trade is inevitable, certainly, for Japan and Britain, to say nothing of other trading nations. He did so in considerable risk of weakening an important U.S. position in the Far East, such a move would be regarded as a first step toward a potential reversal of Washington's tough China policy—a step which the Peking-style China Lobby will do its best to stretch into diplomatic recognition of the Peking government's seating in the United Nations and the consequent downgrading of the Chiang Kai shek government.



RANDALL



HAUGE



ROBERTSON



DULLES